

## Message Text

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C O R R E C T E D C O P Y (ARTICLE X, LAST LINE OF PART (1))

E.O. 11652: N/A

TAGS: EG

SUBJECT: TAX TREATY

FOR: JOHN CRAIG FOR FARRELL

1. TEXT OF US-UAR TAX TREATY FOLLOWS:

CONVENTION BETWEEN THE UNITED STATES OF AMERICA  
AND THE UNITED ARAB REPUBLIC FOR THE AVOIDANCE OF DOUBLE  
TAXATION OF INCOME, THE PREVENTION OF FISCAL EVASION WITH  
RESPECT TO TAXES ON INCOME AND THE ELIMINATION OF  
OBSTACLES TO INTERNATIONAL TRADE AND INVESTMENT

THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND  
THE GOVERNMENT OF THE UNITED ARAB REPUBLIC, DESIRING TO  
CONCLUDE A CONVENTION FOR THE AVOIDANCE OF DOUBLE  
TAXATION, THE PREVENTION OF FISCAL EVASION WITH  
RESPECT TO TAXES ON INCOME, AND THE ELIMINATION OF  
OBSTACLES TO INTERNATIONAL TRADE AND INVESTMENT, HAVE  
AGREED AS FOLLOWS:

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ARTICLE I

(1) THE TAXES WHICH ARE THE SUBJECT OF THE  
PRESENT CONVENTION ARE:

(A) IN THE UNITED ARAB REPUBLIC;

(1) TAX ON INCOME DERIVED FROM IMMOVABLE,  
PROPERTY (INCLUDING THE LAND TAX, THE BUILDING TAX AND  
THE GHAFIR TAX);

(II) TAX ON INCOME FROM MOVABLE CAPITAL;

(III) TAX ON COMMERCIAL AND INDUSTRIAL PROFITS;

(IV) TAX ON WAGES, SALARIES, INDEMNITIES AND PENSIONS;

(V) TAX ON PROFITS FROM LIBERAL PROFESSIONS AND ALL  
OTHER NONCOMMERCIAL PROFESSIONS;

(VI) GENERAL INCOME TAX;

(VII) DEFENSE TAX;

(VIII) SUPPLEMENTARY TAX ON DIRECTORS' REMUNERATION;  
AND

(IX) SUPPLEMENTARY TAXES IMPOSED AS A PERCENTAGE OF  
TAXES MENTIONED ABOVE;

(HEREINAFTER REFERRED TO AS "UNITED ARAB REPUBLIC TAX"

(B) IN THE UNITED STATES OF AMERICA: THE FEDERAL  
INCOME TAXES INCLUDING SURTAXES (HEREINAFTER REFERRED TO  
AS "UNITED STATES TAX").

(2) THE PRESENT CONVENTION SHALL APPLY TO ANY OTHER TAXES  
OF A SUBSTANTIALLY SIMILAR CHARACTER IMPOSED BY EITHER  
CONTRACTING STATE AFTER THE DATE OF SIGNATURE OF THE PRE-  
SENT CONVENTION.

## ARTICLE II

(1) IN THE PRESENT CONVENTION, UNLESS THE CONTEXT OTHER-  
WISE REQUIRES:

(A) THE TERM "UNITED STATES" MEANS THE UNITED STATES  
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OF AMERICA AND WHEN USED IN GEOGRAPHICAL SENSE MEANS  
THE STATES THEREOF AND THE DISTRICT OF COLUMBIA;

(B) THE TERM "UNITED ARAB REPUBLIC" MEANS THE PROVINCE  
OF EGYPT. WHEN THE GOVERNMENT OF THE UNITED ARAB REPUBLIC  
HAS NOTIFIED THE GOVERNMENT OF THE UNITED STATES THAT A UNI-  
FIED TAX SYSTEM HAS BEEN ADOPTED THROUGHOUT THE UNITED ARA  
REPUBLIC, THE TERM "UNITED ARAB REPUBLIC" SHALL BE  
UNDERSTOOD TO INCLUDE BOTH THE EGYPTIAN AND SYRIAN PROVINCE

OF THE UNITED ARAB REPUBLIC;

(C) THE TERMS "ONE OF THE CONTRACTING STATES"

AND "THE OTHER CONTRACTING STATE" MEAN THE UNITED STATES OR THE UNITED ARAB REPUBLIC, AS THE CONTEXT REQUIRES;

(D) THE TERM "TAX" MEANS UNITED STATES TAX, OR UNITED ARAB REPUBLIC TAX, AS THE CONTEXT REQUIRES;

(E) THE TERM "PERSON" INCLUDES ANY BODY OF PERSONS, CORPORATE OR NOT CORPORATE;

(F) THE TERM "COMPANY" MEANS ANY BODY CORPORATE AND ANY ASSOCIATION OR OTHER LIKE ENTITY WHICH IS TREATED AS A BODY CORPORATE FOR TAX PURPOSES;

(G)(I) THE TERM "UNITED STATES COMPANY" MEANS A CORPORATION, ASSOCIATION OR OTHER LIKE ENTITY CREATED OR ORGANIZED UNDER THE LAWS OF THE UNITED STATES OR OF ANY STATE OF THE UNITED STATES;

(II) THE TERM "UNITED ARAB REPUBLIC COMPANY" MEANS A COMPANY, ASSOCIATION OR OTHER LIKE ENTITY CREATED OR ORGANIZED UNDER THE LAWS OF THE UNITED ARAB REPUBLIC;

(H) THE TERM "RESIDENT OF THE UNITED STATES" MEANS ANY INDIVIDUAL OR FIDUCIARY WHO IS RESIDENT IN THE UNITED STATES FOR THE PURPOSES OF THE UNITED STATES TAX AND IS NOT RESIDENT IN THE UNITED ARAB REPUBLIC FOR THE PURPOSES OF THE UNITED ARAB REPUBLIC TAX, AND ANY UNITED STATES COMPANY OR ANY PARTNERSHIP CREATED OR ORGANIZED UNDER THE LAWS OF THE UNITED STATES OR OF ANY STATE THEREOF, BEING A COMPANY OR PARTNERSHIP WHICH IS NOT RESIDENT IN THE UNITED ARAB REPUBLIC FOR THE PURPOSES OF THE UNITED ARAB REPUBLIC TAX;

PROVIDED THAT THE TERM "RESIDENT OF THE UNITED STATES" SHALL NOT BE CONSTRUED TO PREVENT THE UNITED ARAB REPUBLIC FROM TAXING A UNITED ARAB REPUBLIC CITIZEN OR COMPANY UNDER ITS LAWS ON ALL INCOME IRRESPECTIVE OF SOURCE;  
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(I) THE TERM "RESIDENT OF THE UNITED ARAB REPUBLIC" MEANS: IN THE CASE OF A COMPANY, ONE HAVING ITS PRINCIPAL SEAT OF CONTROL AND MANAGEMENT IN THE UNITED ARAB REPUBLIC; IN THE CASE OF ANY OTHER PERSON, ONE WHO IS RESIDENT IN THE UNITED ARAB REPUBLIC FOR THE PURPOSE OF THE UNITED ARAB REPUBLIC TAX AND NOT RESIDENT IN THE UNITED STATES FOR THE PURPOSES OF THE UNITED STATES TAX;

PROVIDED THAT THE TERM "RESIDENT OF THE UNITED ARAB REPUBLIC" SHALL NOT BE CONSTRUED TO PREVENT THE UNITED STATES FROM TAXING A UNITED STATES CITIZEN OR COMPANY UNDER ITS LAWS ON ALL INCOME IRRESPECTIVE OF SOURCE;

(J) THE TERMS "RESIDENT OF ONE OF THE CONTRACTING STATES" AND "RESIDENT OF THE OTHER CONTRACTING STATE" MEAN A PERSON WHO IS A RESIDENT OF THE UNITED STATES OR A PERSON WHO IS A RESIDENT OF THE UNITED ARAB REPUBLIC,

AS THE CONTEXT REQUIRES;

(K) THE TERMS "UNITED STATES ENTERPRISE" AND "UNITED ARAB REPUBLIC ENTERPRISE" MEAN, RESPECTIVELY AN INDUSTRIAL, COMMERCIAL, OR AGRICULTURAL ENTERPRISE OF UNDERTAKING CARRIED ON BY A RESIDENT OF THE UNITED STATES AND AN INDUSTRIAL, COMMERCIAL OR AGRICULTURAL ENTERPRISE OR UNDERTAKING CARRIED ON BY A RESIDENT OF THE UNITED ARAB REPUBLIC; AND THE TERMS "ENTERPRISE OF ONE OF THE CONTRACTING STATES" AND "ENTERPRISE OF THE OTHER CONTRACTING STATE" MEAN A UNITED STATES ENTERPRISE OR A UNITED ARAB REPUBLIC ENTERPRISE, AS THE CONTEXT REQUIRES;

(1) THE TERM "PERMANENT ESTABLISHMENT" MEANS A BRANCH, MANAGEMENT, FACTORY, OFFICE, OIL FIELD, MINE, QUARRY, OR

OTHER PLACE OF NATURAL RESOURCES SUBJECT TO EXPLOITATION, FARM, PLANTATION, WORKSHOP, WAREHOUSE, INSTALLATION, OR OTHER FIXED PLACE OF BUSINESS THROUGH WHICH THE BUSINESS OF THE ENTERPRISE IS WHOLLY OR PARTLY CARRIED ON. IT ALSO INCLUDES A PLACE WHERE BUILDING OR CONSTRUCTION ACTIVITY IS CARRIED ON FOR A PERIOD OF AT LEAST SIX MONTHS. THE TERM SHALL ALSO INCLUDE AN AGENT OR AN EMPLOYEE WHO HAS, AND HABITUALLY EXERCISES, AN AUTHORITY TO NEGOTIATE AND CONCLUDE CONTRACTS ON BEHALF OF AN ENTERPRISE OF ONE OF THE CONTRACTING STATES OR HAS A STOCK OF MERCHANDISE FROM WHICH HE REGULARLY FILLS ORDERS ON ITS BEHALF;

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(I) AN ENTERPRISE OF ONE OF THE CONTRACTING STATES SHALL NOT BE DEEMED TO HAVE A PERMANENT ESTABLISHMENT IN THE OTHER STATE MERELY BECAUSE IT CARRIES ON BUSINESS DEALINGS IN THAT OTHER STATE THROUGH A BONA FIDE BROKER, GENERAL COMMISSION AGENT OR OTHER INDEPENDENT AGENT ACTING IN THE ORDINARY COURSE OF HIS BUSINESS AS SUCH;

(II) THE FACT THAT AN ENTERPRISE OF ONE OF THE CONTRACTING STATES MAINTAINS IN THE OTHER STATE A FIXED PLACE OF BUSINESS EXCLUSIVELY FOR THE PURCHASE OF GOODS OR MERCHANDISE FOR THAT ENTERPRISE SHALL NOT OF ITSELF CONSTITUTE THAT FIXED PLACE OF BUSINESS A PERMANENT ESTABLISHMENT OF THE ENTERPRISE;

(III) THE FACT THAT A COMPANY WHICH IS A RESIDENT OR ONE OF THE CONTRACTING STATES HAS A SUBSIDIARY COMPANY WHICH IS A RESIDENT OF THE OTHER STATE OR WHICH CARRIES ON A TRADE OR BUSINESS IN THAT OTHER STATE (WHETHER THROUGH A PERMANENT ESTABLISHMENT OR OTHERWISE) SHALL NOT OF ITSELF CONSTITUTE THAT SUBSIDIARY COMPANY A PERMANENT ESTABLISHMENT OF ITS PARENT COMPANY;

(M) THE TERM "TAXATION AUTHORITIES" MEANS IN THE CASE OF THE UNITED STATES, THE SECRETARY OF THE TREASURY OR HIS

DELEGATE; IN THE CASE OF THE UNITED ARAB REPUBLIC THE MINISTER OF TREASURY OR HIS AUTHORIZED REPRESENTATIVE.

(2) IN THE APPLICATION OF THE PROVISIONS OF THE PRESENT CONVENTION BY ONE OF THE CONTRACTING STATES ANY TERM NOT OTHERWISE DEFINED SHALL, UNLESS THE CONTEXT OTHERWISE REQUIRES, HAVE THE MEANING WHICH IT HAS UNDER THE LAWS IN FORCE IN THE TERRITORY OF THAT STATE RELATING TO THE TAXES WHICH ARE THE SUBJECT OF THE PRESENT CONVENTION.

#### ARTICLE III

(1) THE INDUSTRIAL OR COMMERCIAL PROFITS OF A UNITED STATES ENTERPRISE SHALL NOT BE SUBJECT TO THE UNITED ARAB REPUBLIC TAX UNLESS THE ENTERPRISE CARRIES ON A TRADE OR BUSINESS

IN THE UNITED ARAB REPUBLIC THROUGH A PERMANENT ESTABLISHMENT SITUATED THEREIN. IF IT HAS SUCH A PERMANENT ESTABLISHMENT SITUATED THEREIN, TAX MAY BE IMPOSED BY THE UNITED ARAB REPUBLIC UPON ITS ENTIRE INDUSTRIAL OR

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COMMERCIAL PROFITS FROM SOURCES WITHIN THE UNITED ARAB REPUBLIC.

(2) THE INDUSTRIAL OR COMMERCIAL PROFITS OF A UNITED ARAB REPUBLIC ENTERPRISE SHALL NOT BE SUBJECT TO UNITED STATES TAX UNLESS THE ENTERPRISE CARRIES ON A TRADE OR BUSINESS IN THE UNITED STATES THROUGH A PERMANENT ESTABLISHMENT SITUATED THEREIN. IF IT HAS SUCH A PERMANENT ESTABLISHMENT SITUATED THEREIN, TAX MAY BE IMPOSED BY THE UNITED STATES UPON ITS ENTIRE INDUSTRIAL OR COMMERCIAL PROFITS FROM SOURCES WITHIN THE UNITED STATES.

(3) WHERE AN ENTERPRISE OF ONE OF THE CONTRACTING STATES CARRIES ON A TRADE OR BUSINESS IN THE OTHER STATE THROUGH A PERMANENT ESTABLISHMENT SITUATED THEREIN, THERE SHALL BE ATTRIBUTED TO THAT PERMANENT ESTABLISHMENT THE INDUSTRIAL OR COMMERCIAL PROFITS WHICH IT MIGHT BE EXPECTED TO DERIVE IN THAT OTHER STATE IF IT WERE AN INDEPENDENT ENTERPRISE ENGAGED IN THE SAME OR SIMILAR ACTIVITIES UNDER THE SAME OR SIMILAR CONDITIONS AND DEALING AT ARM'S LENGTH WITH THE ENTERPRISE OF WHICH IT IS A PERMANENT ESTABLISHMENT. SUCH INDUSTRIAL OR COMMERCIAL PROFITS WILL IN PRINCIPLE BE DETERMINED ON THE BASIS OF THE SEPARATE ACCOUNTS PERTAINING TO SUCH PERMANENT ESTABLISHMENT. HOWEVER, IN THE DETERMINATION OF THE NET INDUSTRIAL OR COMMERCIAL PROFITS OF THE PERMANENT ESTABLISHMENT THERE SHALL BE ALLOWED AS DEDUCTIONS ALL EXPENSES, WHEREVER INCURRED, WHICH ARE REASONABLY ATTRIBUTABLE TO THE PERMANENT ESTABLISHMENT, INCLUDING EXECUTIVE AND GENERAL ADMINISTRATIVE EXPENSES SO ATTRIBUTABLE.

(4) THE TAXATION AUTHORITIES OF THE TAXING STATE, MAY, WHEN NECESSARY, IN EXECUTION OF PARAGRAPH (3) OF THIS ARTICLE, RECTIFY THE ACCOUNTS PRODUCED, NOTABLY TO CORRECT ERRORS AND OMISSIONS OR TO RE-ESTABLISH THE PRICES OR REMUNERATIONS ENTERED IN THE BOOKS AT THE VALUE WHICH WOULD PREVAIL BETWEEN INDEPENDENT PERSONS DEALING AT ARM'S LENGTH.

(5) IF A PERMANENT ESTABLISHMENT DOES NOT PRODUCE AN ACCOUNTING SHOWING ITS OWN OPERATIONS, OR THE ACCOUNTING PRODUCED DOES NOT CORRESPOND TO THE NORMAL USAGES OF THE TRADE IN THE STATE WHERE THE ESTABLISHMENT IS SITUATED, OR THE RECTIFICATIONS PROVIDED FOR IN PARAGRAPH (4)

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OF THIS ARTICLE CANNOT BE EFFECTED, THE TAXATION AUTHORITIES OF THE TAXING STATE MAY DETERMINE THE NET INDUSTRIAL ; OR COMMERCIAL PROFITS BY APPLYING SUCH METHODS OR FORMULAS

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TO THE OPERATIONS OF THE ESTABLISHMENT AS MAY BE FAIR AND REASONABLE.

(6) TO FACILITATE THE DETERMINATION OF INDUSTRIAL OR COMMERCIAL PROFITS ATTRIBUTABLE TO THE PERMANENT ESTABLISHMENT, THE TAXATION AUTHORITIES OF THE CONTRACTING STATES MAY CONSULT TOGETHER WITH A VIEW TO THE ADOPTION OF UNIFORM RULES OF ATTRIBUTION OF SUCH PROFITS.

(7) NO PORTION OF ANY PROFITS OF AN ENTERPRISE OF ONE OF THE CONTRACTING STATES SHALL BE ATTRIBUTED TO A PERMANENT ESTABLISHMENT SITUATED IN THE OTHER STATE BY REASON OF THE MEREPURCHASE OF GOODS OR MERCHANDISE WITHIN THAT OTHER STATE, PROVIDED THAT NO EXPENSES OR COSTS RELATING DIRECTLY OR INDIRECTLY TO SUCH PURCHASES SHALL BE ALLOWED AS DEDUCTIONS IN DETERMINING THE PROFITS OF THE PERMANENT ESTABLISHMENT.

(8) PARAGRAPHS (1)(2)(3) SHALL NOT BE CONSTRUED AS PREVENTING ONE OF THE CONTRACTING STATES FROM IMPOSING A TAX ON INCOME OTHER THAN INDUSTRIAL OR COMMERCIAL PROFITS DERIVED FROM SOURCES WITHIN ITS TERRITORY BY A RESIDENT OF THE OTHER STATE WHETHER OR NOT SUCH INCOME IS ATTRIBUTABLE TO A PERMANENT ESTABLISHMENT IN THE FIRST-MENTIONED STATE. SUCH INCOME MAY, SUBJECT TO THE PROVISIONS OF THIS CONVENTION, BE TAXED EITHER SEPARATELY OR TOGETHER WITH INDUSTRIAL OR COMMERCIAL PROFITS IN ACCORDANCE WITH THE LAWS OF THE CONTRACTING STATE IMPOSING THE TAX.

ARTICLE IV

1 WHERE

(A) AN ENTERPRISE OF ONE OF THE CONTRACTING STATES PARTICIPATES DIRECTLY OR INDIRECTLY IN THE MANAGEMENT, CONTROL OR CAPITAL OF AN ENTERPRISE OF THE OTHER STATE, UNCLASSIFIED

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OR

(B) THE SAME PERSONS PARTICIPATE DIRECTLY OR INDIRECTLY IN THE MANAGEMENT, CONTROL OR CAPITAL OF AN ENTERPRISE OF ONE OF THE CONTRACTING STATES AND AN ENTERPRISE OF - THE OTHER STATE,

AND IN EITHER CASE, CONDITIONS ARE MADE OR IMPOSED BETWEEN THE TWO ENTERPRISES IN THEIR COMMERCIAL OR FINANCIAL RELATIONS, WHICH DIFFER FROM THOSE WHICH WOULD BE MADE BETWEEN INDEPENDENT ENTERPRISES, THEN ANY PROFITS WHICH

WOULD, EXCEPT FOR THOSE CONDITIONS, HAVE ACCRUED TO ONE OF THE ENTERPRISES BUT BY REASON OF THESE CONDITIONS HAVE NOT SO ACCRUED, MAY BE INCLUDED IN THE PROFITS OF THAT ENTERPRISE AND TAXED ACCORDINGLY.

(2) THE TAXATION AUTHORITIES OF THE TAXING STATE MAY, WHEN NECESSARY, IN EXECUTION OF PARAGRAPH (1) OF THIS ARTICLE, RECTIFY THE ACCOUNTS PRODUCED, NOTABLY TO CORRECT ERRORS AND OMISSIONS OR TO RE-ESTABLISH THE PRICES OF REMUNERATIONS ENTERED IN THE BOOKS AT THE VALUES WHICH WOULD PREVAIL BETWEEN INDEPENDENT PERSONS DEALING AT ARM'S LENGTH.

(3) IF AN ENTERPRISE DOES NOT PRODUCE AN ACCOUNTING SHOWING ITS OWN OPERATIONS, OR THE ACCOUNTING PRODUCED DOES NOT CORRESPOND TO THE NORMAL USAGES OF THE TRADE IN THE STATE WHERE THE ENTERPRISE IS SITUATED, OR THE RECTIFICATIONS PROVIDED FOR IN PARAGRAPH (2) OF THIS ARTICLE CANNOT BE EFFECTED, THE TAXATION AUTHORITIES OF THE TAXING STATE MAY DETERMINE THE NET INDUSTRIAL OR COMMERCIAL PROFITS BY APPLYING SUCH METHODS OR FORMULAS TO THE OPERATIONS OF THE ENTERPRISE AS MAY BE FAIR AND REASONABLE. TO FACILITATE THE DETERMINATION OF INDUSTRIAL OR COMMERCIAL PROFITS ATTRIBUTABLE TO THE ENTERPRISE THE TAXATION AUTHORITIES OF THE CONTRACTING STATES MAY CONSULT TOGETHER WITH A VIEW TO THE ADOPTION OF UNIFORM RULES OF ATTRIBUTION OF SUCH PROFITS.

ARTICLE V

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(1) DIVIDENDS PAID BY A COMPANY THAT IS A RESIDENT OF THE UNITED STATES TO A RESIDENT OF THE UNITED ARAB REPUBLIC SHALL NOT BE SUBJECT TO TAX BY THE UNITED STATES AT A RATE IN EXCESS OF 15 PERCENT. HOWEVER, SUCH RATE SHALL NOT EXCEED 5 PERCENT WHERE THE RECIPIENT IS A UNITED ARAB REPUBLIC COMPANY AND IF DURING THE WHOLE OF THE TAXABLE YEAR OF THE PAYER COMPANY (A) MORE THAN 50 PERCENT OF THE VOTING STOCK OF SUCH PAYER COMPANY WAS OWNED BY THE RECIPIENT COMPANY, EITHER ALONE OR IN ASSOCIATION WITH NOT MORE THAN THREE OTHER UNITED ARAB REPUBLIC COMPANIES, PROVIDED EACH SUCH RECIPIENT COMPANY OWNS AT LEAST 10 PERCENT OF THE STOCK OF THE PAYER COMPANY AND (B) NOT MORE THAN ONE-FOURTH OF THE GROSS INCOME OF THE PAYER COMPANY IS DERIVED FROM INTEREST AND DIVIDENDS.

(2) DIVIDENDS PAID BY A COMPANY THAT IS A RESIDENT OF THE UNITED ARAB REPUBLIC TO A RESIDENT OF THE UNITED STATES SHALL IN THE UNITED ARAB REPUBLIC BE SUBJECT (A) TO THE TAX ON INCOME DERIVED FROM MOVABLE CAPITAL, THE SUPPLEMENTARY TAXES, AND DEFENSE TAX (WHICH TAXES SHALL BE DEDUCTED AT SOURCE), PROVIDED THAT SUCH DIVIDENDS, IF DISTRIBUTED OUT OF THE TAXABLE PROFITS OF THE SAME TAXABLE YEAR AND NOT OUT OF ACCUMULATED RESERVES OR ASSETS, SHALL BE ALLOWED AS A DEDUCTION FROM THE AMOUNT OF THE COMPANY'S TAXABLE INCOME OR PROFITS SUBJECT TO TAX AS INDUSTRIAL OR COMMERCIAL PROFITS, AND (B) WHEN PAID TO A NATURAL PERSON, TO THE GENERAL INCOME TAX LEVIES ON NET TOTAL INCOME. HOWEVER, THE GENERAL INCOME TAX THUS IMPOSED SHALL IN NO CASE EXCEED AN AVERAGE OF 20 PERCENT OF THE NET DIVIDENDS PAYABLE TO SUCH NATURAL PERSON. THE DIVIDENDS PAYABLE TO A UNITED STATES COMPANY SHALL NOT BE SUBJECT TO ANY TAXES OTHER THAN THOSE DESCRIBED IN CLAUSE (A) ABOVE.

(3) DIVIDENDS PAID BY A UNITED STATES COMPANY WHOSE ACTIVITIES LIE SOLELY OR MAINLY IN THE UNITED ARAB REPUBLIC SHALL IN THE UNITED ARAB REPUBLIC BE TREATED AS MENTIONED IN PARAGRAPH (2) OF THIS ARTICLE.

(4) DIVIDENDS DEEMED TO BE PAID, ACCORDING TO THE PROVISIONS OF THE UNITED ARAB REPUBLIC TAXATION LAW, OUT OF YEARLY PROFITS BY A PERMANENT ESTABLISHMENT MAINTAINED IN THE UNITED ARAB REPUBLIC BY A UNITED STATES COMPANY WHOSE

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ACTIVITIES EXTEND TO COUNTRIES OTHER THAN THE UNITED ARAB REPUBLIC SHALL IN THE UNITED ARAB REPUBLIC BE TREATED AS MENTIONED IN PARAGRAPH (2) OF THIS ARTICLE.



(5) PARAGRAPHS (1)(2) AND (3) SHALL NOT APPLY WHERE THE RECIPIENT OF A DIVIDEND IS A RESIDENT OF ONE OF THE CONTRACTING STATES AND HAS A PERMANENT ESTABLISHMENT IN THE OTHER STATE, AND IN SUCH EVENT, ARTICLE III OF THIS CONVENTION SHALL APPLY.

#### ARTICLE VI

NOTWITHSTANDING THE PROVISIONS OF ARTICLES III, IV AND V, PROFITS WHICH A RESIDENT OF ONE OF THE CONTRACTING STATES DERIVES FROM OPERATING SHIPS OR AIRCRAFT SHALL BE EXEMPT FROM TAX BY THE OTHER STATE.

#### ARTICLE VII

(1) ANY ROYALTY RECEIVED FROM SOURCES WITHIN ONE OF THE CONTRACTING STATES BY A RESIDENT OF THE OTHER STATE SHALL BE EXEMPT FROM TAX IN THE FIRST-MENTIONED STATE.

(2) IN THIS ARTICLE THE TERM "ROYALTY" MEANS ANY ROYALTY OR OTHER AMOUNT PAID AS CONSIDERATION FOR THE USE OF, OR FOR THE PRIVILEGE OF USING, ANY COPYRIGHT, PATENT, DESIGN, SECRET PROCESS OR FORMULA, TRADEMARK, OR OTHER LIKE PROPERTY BUT DOES NOT INCLUDE ANY ROYALTY OR OTHER AMOUNT PAID IN RESPECT OF THE OPERATION OF A MINE OR QUARY OR OF ANY OTHER EXTRACTION OF NATURAL RESOURCES OR RENTS OR

ROYALTIES IN RESPECT OF CINEMATOGRAPHIC FILMS.

(3) NOTWITHSTANDING ANY PROVISION OF THIS CONVENTION, RENTS OR ROYALTIES IN RESPECT OF CINEMATOGRAPHIC FILMS SHALL CONTINUE TO BE TAXED UNDER THE LAWS OF THE RESPECTIVE CONTRACTING STATES.

(4) WHERE ANY ROYALTY EXCEEDS A FAIR AND REASONABLE CONSIDERATION IN RESPECT OF THE RIGHTS FOR WHICH IT IS PAID, THE EXEMPTION PROVIDED BY THIS ARTICLE SHALL APPLY ONLY

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TO SO MUCH OF THE ROYALTY AS REPRESENTS FAIR AND REASONABLE CONSIDERATION.

(5) THE PROVISIONS OF THIS ARTICLE SHALL NOT APPLY TO DIVIDENDS ON FOUNDER'S SHARES ISSUED IN THE UNITED ARAB REPUBLIC AS CONSIDERATION FOR THE RIGHTS MENTIONED IN PARAGRAPH (2) OF THIS ARTICLE AND WHICH ARE TAXED IN ACCORDANCE WITH THE PROVISIONS OF THE UNITED ARAB REPUBLIC TAXATION LAW.

(6) THE PROVISIONS OF THIS ARTICLE SHALL NOT APPLY WHERE THE RECIPIENT OF THE ROYALTY IS A RESIDENT OF ONE OF THE CONTRACTING STATES AND HAS A PERMANENT ESTABLISHMENT IN THE OTHER STATE, AND IN SUCH EVENT ARTICLE III OF THIS CONVENTION SHALL APPLY.

ARTICLE VIII

(L) AN INDIVIDUAL WHO IS A RESIDENT OF THE UNITED ARAB REPUBLIC SHALL BE EXEMPT FROM UNITED STATES TAX ON PROFITS OR COMPENSATION IN RESPECT OF PERSONAL (INCLUDING PROFESSIONAL) SERVICES PERFORMED WITHIN THE UNITED STATES IN ANY TAXABLE YEAR IF:

(A) IN THE CASE OF A DIRECTOR OR EMPLOYEE:

(I) THE INDIVIDUAL IS PRESENT WITHIN THE UNITED STATES FOR A PERIOD OR PERIODS AGGREGATING NOT MORE THAN 180 DAYS DURING THAT YEAR;

(II) THE SERVICES ARE PERFORMED FOR OR ON BEHALF OF A RESIDENT OF THE UNITED ARAB REPUBLIC OR A OF A PERMANENT ESTABLISHMENT WITHIN THE UNITED ARAB REPUBLIC OF A UNITED STATES ENTERPRISE; AND

(III) THE PROFITS OR COMPENSATION IS PAID BY SUCH RESIDENT OR PERMANENT ESTABLISHMENT; OR

B) IN ANY CASE OTHER THAN THAT OF A DIRECTOR OR EMPLOYEE:

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(I) THE INDIVIDUAL IS PRESENT WITHIN THE UNITED STATES FOR A PERIOD OR PERIODS AGGREGATING NOT MORE THAN 90 DAYS DURING THAT YEAR;

(II) HE HAS NO PERMANENT ESTABLISHMENT WITHIN THE UNITED STATES AND

(III) THE TOTAL PROFITS OR COMPENSATION RECEIVED IN RESPECT OF SUCH SERVICES DOES NOT EXCEED 3,000 DOLLARS OR ITS EQUIVALENT IN CURRENCY OF THE UNITED ARAB REPUBLIC.

(2) AN INDIVIDUAL WHO IS A RESIDENT OF THE UNITED STATES SHALL BE EXEMPT FROM UNITED ARAB REPUBLIC TAX ON PROFITS OR COMPENSATION IN RESPECT OF PERSONAL (INCLUDING PROFESSIONAL) SERVICES PERFORMED WITHIN THE UNITED ARAB REPUBLIC IN ANY TAXABLE YEAR IF:

(A) IN THE CASE OF A DIRECTOR OR EMPLOYEE:

(I) THE INDIVIDUAL IS PRESENT WITHIN THE UNITED

ARAB REPUBLIC FOR A PERIOD OR PERIODS AGGREGATING NOT MORE THAN 180 DAYS DURING THAT YEAR;

(II) THE SERVICES ARE PERFORMED FOR OR ON BEHALF OF A RESIDENT OF THE UNITED STATES OR OF A PERMANENT ESTABLISHMENT WITHIN THE UNITED STATES OF A UNITED ARAB REPUBLIC ENTERPRISE; AND

(III) THE PROFITS OR COMPENSATION IS PAID BY SUCH RESIDENT OR PERMANENT ESTABLISHMENT; OR

(B) IN ANY CASE OTHER THAN THAT OF A DIRECTOR OR EMPLOYEE:

(I) THE INDIVIDUAL IS PRESENT WITHIN THE UNITED ARAB REPUBLIC FOR A PERIOD OR PERIODS AGGREGATING NOT MORE THAN 90 DAYS DURING THAT YEAR;

(II) HE HAS NO PERMANENT ESTABLISHMENT WITHIN THE UNITED ARAB REPUBLIC; AND

(III) THE TOTAL PROFITS OR COMPENSATION RECEIVED IN RESPECT OF SUCH SERVICES DOES NOT EXCEED 3,000 DOLLARS OR ITS EQUIVALENT IN CURRENCY OF THE UNITED ARAB REPUBLIC.

ARTICLE IX  
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(1) WAGES AND SALARIES, AND PENSIONS PAID BY THE UNITED ARAB REPUBLIC (INCLUDING A GOVERNMENTAL PUBLIC ORGANIZATION SUCH AS THE POST ORGANIZATION, THE RAILWAY ORGANIZATION, AND THE TELEPHONE AND TELEGRAPH ORGANIZATION) OR BY ANY POLITICAL OR ADMINISTRATIVE SUBDIVISION THEREOF, TO ANY INDIVIDUAL FOR PRESENT OR PAST SERVICES IN THE DISCHARGE OF GOVERNMENTAL FUNCTIONS SHALL BE EXEMPT FROM TAX BY THE UNITED STATES, UNLESS THE RECIPIENT IS A CITIZEN OF, OR HAS IMMIGRANT STATUS IN THE UNITED STATES.

(2) WAGES AND SALARIES, AND PENSIONS, PAID BY THE UNITED STATES OR BY ANY POLITICAL SUBDIVISION THEREOF, TO ANY INDIVIDUAL FOR PRESENT OR PAST SERVICES IN THE DISCHARGE OF GOVERNMENTAL FUNCTIONS SHALL BE EXEMPT FROM TAX BY THE UNITED ARAB REPUBLIC, UNLESS THE RECIPIENT IS A CITIZEN OF OR HAS BEEN ADMITTED AS A DOMICILIARY OF THE UNITED ARAB REPUBLIC.

(3) ANY PENSION OR ANNUITY (WHETHER REPRESENTING EMPLOYEE OR EMPLOYER CONTRIBUTIONS OR ACCRETIONS THEREOF) FROM SOURCES WITHIN THE UNITED STATES PAID TO A RESIDENT OF THE UNITED ARAB REPUBLIC FOR PAST SERVICES SHALL BE EXEMPT FROM TAX BY THE UNITED STATES TO THE EXTENT THAT SUCH PAYMENTS ARE ALLOCABLE TO SERVICES THE REMUNERATION FOR WHICH WAS EXEMPT FROM TAX BY THE UNITED STATES.

(4) ANY PENSION OR ANNUITY (WHETHER REPRESENTING EMPLOYEE OR EMPLOYER CONTRIBUTIONS OR ACCRETIONS THERETO) FROM SOURCES WITHIN THE UNITED ARAB REPUBLIC PAID TO A RESIDENT OF THE UNITED STATES FOR PAST SERVICES SHALL BE EXEMPT FROM TAX BY THE UNITED ARAB REPUBLIC TO THE EXTENT THAT SUCH PAYMENTS ARE ALLOCABLE TO SERVICES THE REMUNERATION FOR WHICH WAS EXEMPT FROM TAX BY THE UNITED ARAB REPUBLIC.

(5) FOR THE PURPOSES OF PARAGRAPHS

(1) AND (2) OF THIS ARTICLE, THE TERM "PENSIONS" SHALL BE DEEMED TO INCLUDE ANNUITIES PAID TO A RETIRED CIVILIAN GOVERNMENT EMPLOYEE, AND THE TERM "GOVERNMENTAL FUNCTIONS" SHALL BE UNDERSTOOD TO EXCLUDE ANY TRADE OR BUSINESS CARRIED ON BY EITHER OF THE CONTRACTING STATES FOR PURPOSES OF PROFIT.

#### ARTICLE X

(1) THE RATE OF TAX ON INTEREST ON BONDS, NOTES,  
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DEBENTURES OR ANY OTHER FORM OF INDEBTEDNESS (OTHER THAN INTEREST ON INDEBTEDNESS SECURED BY MORTGAGES ON REAL ESTATE) RECEIVED FROM SOURCES WITHIN ONE OF THE CONTRACTING STATES BY A RESIDENT OF THE OTHER STATE SHALL NOT EXCEED 15 PERCENT IN THE FIRST MENTIONED STATE.

(2) NOTWITHSTANDING PARAGRAPH (1), INTEREST RECEIVED BY THE EXPORT-IMPORT BANK OF WASHINGTON OR THE DEVELOPMENT LOAN FUND FROM SOURCES WITHIN THE UNITED ARAB REPUBLIC SHALL BE EXEMPT FROM TAX BY THE UNITED ARAB REPUBLIC; AND INTEREST RECEIVED BY THE NATIONAL BANK OF EGYPT FROM SOURCES WITHIN THE UNITED STATES SHALL BE EXEMPT FROM TAX BY THE UNITED STATES.

(3) PARAGRAPH (1) SHALL NOT APPLY TO INTEREST RECEIVED BY A RESIDENT OF ONE OF THE CONTRACTING STATES WHO HAS A PERMANENT ESTABLISHMENT IN THE OTHER CONTRACTING STATE, AND IN SUCH EVENT ARTICLE III OF THE CONVENTION SHALL APPLY.

#### ARTICLE XI

(1) A PROFESSOR OR TEACHER FROM ONE OF THE CONTRACTING STATES WHO, AT THE INVITATION OF A UNIVERSITY, COLLEGE, OR OTHER RECOGNIZED INSTITUTION FOR HIGHER EDUCATION IN THE OTHER STATE, VISITS SUCH OTHER STATE SOLELY FOR THE PURPOSE OF TEACHING, OR ENGAGING IN RESEARCH, AT SUCH EDUCATIONAL INSTITUTION FOR A PERIOD NOT EXCEEDING TWO YEARS, SHALL NOT BE TAXED BY SUCH OTHER STATE ON HIS REMUNERATION FOR SUCH TEACHING OR RESEARCH.

(2) THIS ARTICLE SHALL APPLY TO AN INDIVIDUAL ENGAGED IN RESEARCH ONLY IF THE RESULTS OF SUCH

RESEARCH ARE FREELY AVAILABLE TO THE GENERAL PUBLIC.

ARTICLE XII

(L) AN INDIVIDUAL FROM ONE OF THE CONTRACTING STATES WHO IS TEMPORARILY PRESENT IN THE OTHER CONTRACTING STATE SOLELY

(A) AS A STUDENT AT A RECOGNIZED UNIVERSITY, COLLEGE OR SCHOOL IN SUCH OTHER STATE, OR UNCLASSIFIED

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(B) AS A BUSINESS APPRENTICE, OR

(C) AS THE RECIPIENT OF A GRANT, ALLOWANCE OR AWARD FOR THE PURPOSE OF STUDY OR RESEARCH FROM A RELIGIOUS, CHARITABLE, SCIENTIFIC OR EDUCATIONAL ORGANIZATION

SHALL NOT BE TAXED IN SUCH OTHER STATE IN RESPECT OF REMITTANCES FROM ABROAD RECEIVED AS COMPENSATION FOR PERSONAL SERVICES OR FOR THE PURPOSES OF HIS MAINTENANCE, EDUCATION OR TRAINING.

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(2) AN INDIVIDUAL FROM ONE OF THE CONTRACTING STATES WHO IS TEMPORARILY PRESENT IN THE OTHER STATE FOR A PERIOD NOT EXCEEDING ONE YEAR, AS AN EMPLOYEE OF, OR UNDER CONTRACT WITH AN ENTERPRISE OF THE FORMER STATE OR AN ORGANIZATION REFERRED TO IN PARAGRAPH (1) SUBPARAGRAPH (C) ABOVE, SOLELY TO ACQUIRE TECHNICAL, PROFESSIONAL OR BUSINESS EXPERIENCE FROM A PERSON OTHER THAN SUCH ENTERPRISE OR ORGANIZATION, SHALL NOT BE TAXED IN SUCH OTHER STATE ON COMPENSATION FOR SUCH PERIOD, UNLESS THE AMOUNT THEREOF EXCEEDS 5,000 DOLLARS OR ITS EQUIVALENT IN THE CURRENCY OF THE UNITED ARAB REPUBLIC.

(3) AN INDIVIDUAL FROM ONE OF THE CONTRACTING STATES TEMPORARILY PRESENT IN THE OTHER STATE UNDER ARRANGEMENTS WITH THE GOVERNMENT OF SUCH OTHER STATE SOLELY FOR THE PURPOSE OF TRAINING, RESEARCH OR STUDY SHALL NOT BE TAXED IN SUCH OTHER STATE ON COMPENSATION RECEIVED IN RESPECT OF SUCH TRAINING, RESEARCH OR STUDY, UNLESS THE AMOUNT THEREOF EXCEEDS 8,000 DOLLARS OR ITS EQUIVALENT IN THE CURRENCY OF THE UNITED ARAB REPUBLIC.

(4) IN THE APPLICATION OF THIS ARTICLE, THE EXEMPTION GRANTED UNDER EACH PARAGRAPH SHALL BE DETERMINED WITHOUT REGARD TO THE EXEMPTION GRANTED UNDER THE

OTHER PARAGRAPHS OF THIS ARTICLE.

ARTICLE XIII  
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(1) SUBJECT TO THE PROVISIONS OF THE INTERNAL REVENUE CODE REGARDING THE ALLOWANCE OF A CREDIT AGAINST UNITED STATES TAX FOR TAX PAYABLE IN A TERRITORY OUTSIDE THE UNITED STATES, UNITED ARAB REPUBLIC TAX PAYABLE, WHETHER DIRECTLY OR BY DEDUCTION IN RESPECT OF INCOME FROM SOURCES WITHIN THE UNITED ARAB REPUBLIC, SHALL BE ALLOWED AS A CREDIT AGAINST UNITED STATES TAX. FOR THE PURPOSES OF THIS CREDIT, A UNITED STATES COMPANY, OR A UNITED ARAB REPUBLIC COMPANY OF WHICH AT LEAST 10 PERCENT OF THE VOTING STOCK IS OWNED BY A UNITED STATES COMPANY, SHALL BE DEEMED TO HAVE PAID THE UNITED ARAB REPUBLIC TAX WHICH WOULD HAVE BEEN PAID BY THAT COMPANY BUT FOR THE EXEMPTION GRANTED BY ARTICLES 1 THROUGH 4 OF LAW NO. 430 OF L953, PROVIDED THAT THE AMOUNT OF TAX SO DEEMED TO HAVE BEEN PAID SHALL NOT EXCEED AN AMOUNT DETERMINED UNDER THE PROVISIONS OF UNITED ARAB REPUBLIC LAW AS IN EFFECT ON THE DATE OF SIGNATURE OF THE PRESENT CONVENTION. IT IS AGREED THAT THE UNITED ARAB REPUBLIC IS DEEMED TO SATISFY THE SIMILAR CREDIT REQUIREMENT OF SECTION 901(B)(3) OF THE INTERNAL REVENUE

CODE.

(2) UNITED STATES TAX PAYABLE, WHETHER DIRECTLY OR BY DEDUCTION, BY A PERSON WHO IS A RESIDENT OF THE UNITED ARAB REPUBLIC IN RESPECT OF INCOME FROM SOURCES WITHIN THE UNITED STATES SHALL BE ALLOWED AS A CREDIT AGAINST ANY UNITED ARAB REPUBLIC TAX PAYABLE IN RESPECT OF THAT INCOME, BUT THE CREDIT SO ALLOWED SHALL NOT EXCEED AN AMOUNT COMPUTED ON THE BASIS OF THE AVERAGE RATE OF UNITED ARAB REPUBLIC TAX. THE UNITED ARAB REPUBLIC RETAINS THE RIGHT TO TAKE INTO ACCOUNT, IN THE DETERMINATION OF SUCH AVERAGE RATE OF TAX, ALL ITEMS OF INCOME TAXABLE UNDER THE TAXATION LAW OF THE UNITED ARAB REPUBLIC, REGARDLESS OF ANY OTHER PROVISION OF THIS CONVENTION.

ARTICLE XIV

(1) THE TAXATION AUTHORITIES OF THE CONTRACTING STATES SHALL EXCHANGE SUCH INFORMATION (BEING INFORMATION)  
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TION WHICH IS AT THEIR DISPOSAL UNDER THEIR RESPECTIVE TAXATION LAWS IN THE NORMAL COURSE OF ADMINISTRATION) AS IS NECESSARY FOR CARRYING OUT THE PROVISIONS OF THE PRESENT CONVENTION OR FOR THE PREVENTION OF FRAUD OR FOR THE ADMINISTRATION OF STATUTORY PROVISIONS AGAINST TAX AVOIDANCE IN RELATION TO THE TAXES WHICH ARE THE SUBJECT OF THE PRESENT CONVENTION. ANY INFORMATION SO EXCHANGED SHALL BE TREATED AS SECRET AND SHALL NOT BE DISCLOSED TO ANY PERSONS OTHER THAN THOSE CONCERNED WITH THE ASSESSMENT AND COLLECTION OF THE TAXES WHICH ARE THE SUBJECT OF THE PRESENT CONVENTION. NO INFORMATION SHALL BE EXCHANGED WHICH WOULD DISCLOSE ANY TRADE, BUSINESS, INDUSTRIAL OR PROFESSIONAL SECRET OR TRADE PROCESS.

(2) IN THE EVENT OF SUBSTANTIAL CHANGES IN THE FISCAL LAWS OF EITHER OF THE CONTRACTING STATES, THE TAXATION AUTHORITIES OF THE CONTRACTING STATES WILL CONSULT TOGETHER IN ORDER TO DETERMINE WHETHER IT IS NECESSARY FOR THAT REASON TO AMEND ANY OF THE PROVISIONS OF THIS CONVENTION.

#### ARTICLE XV

(1) THE CITIZENS OF ONE OF THE CONTRACTING STATES SHALL NOT BE SUBJECTED IN THE TERRITORY OF THE OTHER CONTRACTING STATE TO ANY TAXATION OR ANY REQUIREMENT CONNECTED THEREWITH WHICH IS OTHER, HIGHER OR MORE BURDENSOME THAN THE TAXATION AND CONNECTED REQUIREMENTS TO WHICH THE CITIZENS OF THE LATTER

STATE ARE OR MAY BE SUBJECT-D.

(2) THE ENTERPRISES OF ONE OF THE CONTRACTING STATES SHALL NOT BE SUBJECTED IN THE OTHER STATE IN RESPECT OF INCOME OR PROFITS ATTRIBUTABLE TO THEIR PERMANENT ESTABLISHMENTS IN THAT OTHER STATE TO ANY TAXATION WHICH IS OTHER, HIGHER, OR MORE BURDENSOME THAN THE TAXATION TO WHICH THE ENTERPRISES OF THAT OTHER STATE SIMILARLY CARRIED ON ARE OR MAY BE SUBJECTED IN RESPECT OF LIKE INCOME OR PROFITS.

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(3) NOTHING IN THIS ARTICLE SHALL BE CONSTRUED AS:

(A) OBLIGING ONE OF THE CONTRACTING STATES TO APPLY TO CITIZENS OF THE OTHER CONTRACTING STATE WHO ARE NOT RESIDENTS OF THE FORMER STATE THE SAME

PERSONAL ALLOWANCES, EXEMPTIONS, DEDUCTIONS, CREDITS AND TAX RATES AS ARE APPLIED TO ITS CITIZENS;

(B) OBLIGING THE UNITED ARAB REPUBLIC TO GRANT TO UNITED STATES COMPANIES THE EXEMPTIONS GRANTED TO UNITED ARAB REPUBLIC COMPANIES BY ARTICLES 5 AND 6 OF LAW L4 OF L939; OR

(C) AFFECTING THE APPLICATION IN THE UNITED ARAB REPUBLIC OF THE FIRST AND SECOND PARAGRAPHS OF ARTICLE LL AND ARTICLE LL BIS OF LAW L4 OF L939.

(4) IN THIS ARTICLE THE TERM "CITIZENS" INCLUDES, IN RELATION TO THE UNITED ARAB REPUBLIC, ALL LEGAL PERSONS, PARTNERSHIPS, ASSOCIATIONS AND OTHER ENTITIES DERIVING THEIR STATUS AS SUCH FROM THE LAWS IN FORCE IN THE UNITED ARAB REPUBLIC, AND IN RELATION TO THE UNITED STATES, ALL LEGAL PERSONS, PARTNERSHIPS, ASSOCIATIONS, AND OTHER ENTITIES DERIVING THEIR STATUS AS SUCH FROM THE LAWS IN FORCE IN THE UNITED STATES.

(5) IN THIS ARTICLE THE TERM "TAXATION" MEANS TAXES OF EVERY KIND AND DESCRIPTION LEVIED ON BEHALF OF ANY AUTHORITY WHATSOEVER.

#### ARTICLE XVI

(1) WHERE A RESIDENT OF ONE OF THE CONTRACTING STATES SHOWS PROOF THAT THE ACTION OF THE TAXATION AUTHORITIES OF EITHER CONTRACTING STATE HAS RESULTED OR WILL RESULT IN DOUBLE TAXATION CONTRARY TO THE PROVISIONS OF THIS CONVENTION, HE SHALL BE ENTITLED TO PRESENT HIS CASE TO THE STATE OF WHICH HE IS A RESIDENT. SHOULD HIS CLAIM BE DEEMED WORTHY OF CONSIDERATION, THE TAXATION

AUTHORITY OF THE STATE TO WHICH THE CLAIM IS MADE SHALL  
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ENDEAVOR TO COME TO AN AGREEMENT WITH THE TAXATION AUTHORITY OF THE OTHER STATE WITH A VIEW TO AVOIDANCE OF DOUBLE TAXATION.

(2) THE TAXATION AUTHORITIES OF BOTH CONTRACTING STATES MAY PRESCRIBE REGULATIONS NECESSARY TO INTERPRET AND CARRY OUT THE PROVISIONS OF THE PRESENT CONVENTION AND WILL CONSULT TOGETHER AS MAY BE NECESSARY, FOR THE PURPOSE OF CARRYING OUT THE PROVISIONS OF THE PRESENT CONVENTION.

(3) THE PROVISIONS OF THE PRESENT CONVENTION SHALL NOT BE CONSTRUED TO RESTRICT IN ANY MANNER ANY EXEMPTION,



DEDUCTION, CREDIT OR OTHER ALLOWANCE NOW OR HEREAFTER ACCORDED BY THE LAWS OF EITHER CONTRACTING STATE IN DETERMINING THE TAX OF SUCH STATE.

ARTICLE XVII

FOR THE PURPOSES OF ARTICLE XIII OF THE PRESENT CONVENTION:

(A) INTEREST PAID BY ONE OF THE CONTRACTING STATES, INCLUDING ANY LOCAL GOVERNMENT THEREOF, OR BY AN ENTERPRISE OF ONE OF THE CONTRACTING STATES NOT HAVING A PERMANENT ESTABLISHMENT IN THE OTHER CONTRACTING STATE SHALL BE TREATED AS INCOME FROM SOURCES WITHIN THE FORMER STATE.

(B) GAINS, PROFITS AND INCOME DERIVED FROM THE SALE BY A TAXPAYER IN ONE OF THE CONTRACTING STATES OF GOODS PRODUCED IN WHOLE OR IN PART IN THE OTHER CONTRACTING STATE BY SUCH TAXPAYER SHALL BE TREATED AS DERIVED IN PART FROM THE STATE IN WHICH PRODUCED AND IN PART FROM THE STATE IN WHICH SOLD.

(C) INCOME FROM REAL PROPERTY (INCLUDING GAINS DERIVED FROM THE SALE OR EXCHANGE OF SUCH PROPERTY AND INTEREST ON INDEBTEDNESS SECURED BY MORTGAGES ON REAL ESTATE) AND ROYALTIES IN RESPECT OF THE OPERATION OF MINES, QUARRIES OR OTHER NATURAL RESOURCES SHALL BE TREATED AS INCOME DERIVED FROM THE STATE IN WHICH SUCH REAL PROPERTY, MINES, QUARRIES OR OTHER NATURAL RESOURCES

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ARE SITUATED.

(D) COMPENSATION FOR LABOR OR PERSONAL SERVICES (INCLUDING THE PRACTICE OF LIBERAL PROFESSIONS) SHALL BE TREATED AS INCOME FROM SOURCES WITHIN THE STATE WHERE ARE RENDERED THE SERVICES FOR WHICH SUCH COMPENSATION IS PAID;

AND THE SERVICES OF AN INDIVIDUAL WHOSE SERVICES ARE WHOLLY OR MAINLY PERFORMED IN SHIPS OR AIRCRAFT OPERATED BY A RESIDENT OF ONE OF THE CONTRACTING STATES SHALL BE DEEMED TO BE PERFORMED IN THAT STATE.

(E) ROYALTIES FOR USING, OR FOR THE RIGHT TO USE, IN ONE OF THE CONTRACTING STATES, PATENTS, COPYRIGHTS, DESIGNS, TRADEMARKS AND LIKE PROPERTY SHALL BE TREATED AS INCOME FROM SOURCES WITHIN SUCH STATE.

(F) PENSIONS AND ANNUITIES PAID BY AN ENTERPRISE OF ONE OF THE CONTRACTING STATES TO INDIVIDUALS WHO ARE RESIDENTS OF THE OTHER CONTRACTING STATE SHALL BE

TREATED AS INCOME FROM SOURCES WITHIN THE FORMER STATE.

(G) DIVIDENDS WHICH ARE SUBJECT TO UNITED ARAB REPUBLIC TAX IN ACCORDANCE WITH PARAGRAPH (3) OF ARTICLE V OF THIS CONVENTION SHALL BE DEEMED TO BE INCOME FROM SOURCES WITHIN THE UNITED ARAB REPUBLIC.

ARTICLE XVIII

(1) THE PRESENT CONVENTION SHALL BE RATIFIED AND THE INSTRUMENTS OF RATIFICATION SHALL BE EXCHANGED AT ( ) AS SOON AS POSSIBLE.

(2) THE PRESENT CONVENTION SHALL ENTER INTO FORCE UPON THE EXCHANGE OF THE INSTRUMENTS OF RATIFICATION.

ARTICLE XIX

(1) UPON THE ENTRY INTO FORCE OF THE PRESENT CONVENTION, THE PROVISIONS OF THE CONVENTION SHALL BE APPLICABLE:

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(A) IN THE UNITED STATES:

TO INCOME OR PROFITS DERIVED DURING THE TAXABLE YEAR BEGINNING ON OR AFTER THE FIRST DAY OF JANUARY OF THE CALENDAR YEAR NEXT FOLLOWING THE YEAR IN WHICH THE EXCHANGE OF INSTRUMENTS OF RATIFICATION TAKES PLACE'

(B) IN THE UNITED ARAB REPUBLIC

(1) AS RESPECTS TAX ON INCOME DERIVED FROM IMMOVABLE PROPERTY, TAX ON INCOME FROM MOVABLE CAPITAL, AND TAX ON WAGES, SALARIES, INDEMNITIES AND PENSIONS, WHICH TAXES ARE PAYABLE OR DUE ON OR AFTER THE FIRST DAY OF JULY OF THE CALENDAR YEAR NEXT  
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FOLLOWING THE YEAR IN WHICH THE EXCHANGE OF INSTRUMENTS OF RATIFICATION TAKES PLACE;

(2) AS RESPECTS TAX ON COMMERCIAL AND INDUSTRIAL PROFITS FOR ANY ACCOUNTING PERIOD BEGINNING ON OR AFTER THE FIRST DAY OF JULY OF THE CALENDAR YEAR NEXT FOLLOWING THE YEAR IN WHICH THE EXCHANGE OF INSTRUMENTS OF RATIFICATION TAKES PLACE AND FOR THE UNEXPIRED PORTION OF ANY FISCAL PERIOD CURRENT AT THAT DATE;

(3) AS RESPECTS TAX ON PROFITS FROM LIBERAL PROFESSIONS AND ALL OTHER NON-COMMERCIAL PROFESSIONS,

THE GENERAL INCOME TAX AND SUPPLEMENTARY TAX ON DOCTORS' REMUNERATION FOR ANY TAXATION YEAR BEGINNING ON OR AFTER THE FIRST DAY OF JANUARY OF THE CALENDAR YEAR NEXT FOLLOWING THE YEAR IN WHICH THE EXCHANGE OF INSTRUMENTS OF RATIFICATION TAKES PLACE.

THE RULES IN SUBPARAGRAPH (B) SHALL BE CORRESPONDINGLY APPLICABLE RESPECTIVELY TO THE DEFENSE TAX AND TO THE SUPPLEMENTARY TAXES.

(2) UPON APPLICATION OF THIS CONVENTION TO THE PROVINCE OF SYRIA, IT SHALL BE APPLICABLE FOR TAXABLE YEARS BEGINNING AFTER THE DATE OF UNIFICATION

SPECIFIED IN PARAGRAPH (1)(B) OF ARTICLE II OF THIS UNCLASSIFIED

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CONVENTION.

ARTICLE XX

EITHER OF THE CONTRACTING STATES MAY TERMINATE THE PRESENT CONVENTION AT ANY TIME AFTER A PERIOD OF THREE YEARS SHALL HAVE EXPIRED FROM THE DATE ON WHICH THE PRESENT CONVENTION ENTERS INTO FORCE BY GIVING TO THE OTHER CONTRACTING STATE NOTICE OF TERMINATION, PROVIDED THAT SUCH NOTICE IS GIVEN ON OR BEFORE THE 30TH DAY OF JUNE AND, IN SUCH EVENT, THE PRESENT CONVENTION SHALL CEASE TO BE EFFECTIVE:

A) IN THE UNITED STATES:

FOR THE TAXABLE YEARS BEGINNING ON OR AFTER THE FIRST DAY OF JANUARY OF THE CALENDAR YEAR NEXT FOLLOWING THAT IN WHICH THE NOTICE OF TERMINATION IS GIVEN;

(B) IN THE UNITED ARAB REPUBLIC:

(1) AS RESPECTS TAX ON INCOME DERIVED FROM IMMOVABLE PROPERTY, TAX ON INCOME FROM MOVABLE CAPITAL UNCLASSIFIED

AND TAX ON WAGES, SALARIES, INDEMNITIES AND PENSIONS, WHICH TAXES ARE PAYABLE OR DUE ON OR AFTER THE FIRST DAY OF JULY IN THE CALENDAR YEAR NEXT FOLLOWING THAT IN WHICH THE NOTICE OF TERMINATION IS GIVEN;

(2) AS RESPECTS TAX ON COMMERCIAL AND INDUSTRIAL PROFITS FOR ANY ACCOUNTING PERIOD BEGINNING ON OR AFTER THE FIRST DAY OF JULY IN THE CALENDAR YEAR

NEXT FOLLOWING THAT IN WHICH THE NOTICE IS GIVEN AND  
FOR THE UNEXPIRED PORTION OF ANY FISCAL PERIOD  
CURRENT AT THAT DATE;

(3) AS RESPECTS TAX ON PROFITS FROM LIBERAL  
PROFESSIONS AND ALL OTHER NON-COMMERCIAL PROFESSIONS,  
THE GENERAL INCOME TAX AND SUPPLEMENTARY TAX ON  
DIRECTORS' REMUNERATION FOR ANY TAXATION YEAR BEGINNING  
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ON OR AFTER THE FIRST DAY OF JANUARY IN THE CALENDAR  
YEAR NEXT FOLLOWING THAT IN WHICH THE NOTICE IS GIVEN.

THE RULES IN SUBPARAGRAPH (B) SHALL BE CORRESPONDINGLY  
APPLICABLE RESPECTIVELY TO THE DEFENSE TAX AND TO THE  
SUPPLEMENTARY TAXES.

IN WITNESS WHEREOF, THE UNDERSIGNED, DULY AUTHORIZED  
THERE TO, HAVE SIGNED THE PRESENT CONVENTION.

DONE IN DUPLICATE AT WASHINGTON IN THE ENGLISH  
LANGUAGE ON THE 21ST DAY OF DECEMBER, 1960.

FOR THE GOVERNMENT OF THE UNITED STATES OF  
AMERICA: CHRISTIAN A. HERTER

FOR THE GOVERNMENT OF THE UNITED ARAB REPUBLIC:  
MOSTAFA KAMEL

(FYI: ON JUNE 8, 1964, THE PRESIDENT NOTIFIED THE  
SENATE OF THE WITHDRAWAL OF THE CONVENTION. THE  
SENATE COMMITTEE ON FOREIGN RELATIONS ON JULY 8,  
1964 APPROVED THE RETURN TO THE PRESIDENT OF THE  
CONVENTION.) KISSINGER

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## Message Attributes

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